

Message Text

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PAGE 01 BOGOTA 03231 091536Z
ACTION ARA-10

INFO OCT-01 ISO-00 EB-08 PASS-00 /019 W
-----091538Z 013900 /42

R 062110Z APR 77
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 898
INFO USDOC WASHDC

UNCLAS BOGOTA 3231

E.O. 11652: N/A
TAGS: BTIO, CO
SUBJECT: PAYMENT OF ROYALTIES FOR ASSEMBLY OR MANUFACTURE OF
HOUSEHOLD APPLIANCES

TO: RUSSELL R. MILLER
VICE PRESIDENT
INTERNATIONAL MARKET OPERATIONS
ZENITH RADIO CORP.
GLENVIEW, ILLINOIS

1. IN RESPONSE TO YOUR MARCH 30 TELEGRAM ADDRESSED TO COM-
MERCIAL ATTACHE, EMBASSY, IN ADDITION TO TELECENTER COLOMBIANA,
ZENITH LICENSEE IN COLOMBIA, CONTACTED FOUR HOUSEHOLD AP-
PLIANCE MANUFACTURERS IN BOGOTA AND WAS INFORMED AS FOLLOWS:

A) OFFICIALLY, COLOMBIAN GOVERNMENT IS NOT APPROVING ROYALTY
PAYMENTS SINCE IT FEELS THAT EXISTING LOCAL TECHNOLOGY DOES
NOT WARRANT THE IMPORTATION OF TECHNOLOGY FOR THE ASSEMBLY
OR MANUFACTURE OF HOUSEHOLD APPLIANCES.

B) OFFICIAL AUTHORIZATIONS TO PAY PAST DUE ROYALTIES TAKE
UP TO TWO YEARS, IF THEY ARE GRANTED AT ALL.

C) DUE TO LACK OF A STATUTE DEFINING ROYALTY PAYMENTS
LOCAL COMMERCIAL BANKS ARE RELUCTANT TO HANDLE SUCH
TRANSACTIONS. FURTHERMORE, PERMISSION FROM THE CENTRAL
BANK IS REQUIRED TO MAKE PAYMENTS IN FOREIGN CURRENCIES.

D) TELECENTER COLOMBIANA HAS REPEATEDLY REQUESTED
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AUTHORIZATION TO PAY ROYALTIES BUT THEIR EXPERIENCE
SHOWS THAT SUCH AUTHORIZATIONS MAY TAKE MORE THAN A
YEAR.

2. EMBASSY ALSO CONTACTED THE ROYALTY COMMITTEE OF THE
SUPERINTENDENCIA DE INDUSTRIA Y COMERCIO WHICH IS PART
OF THE MINISTRY OF DEVELOPMENT AND WAS TOLD THAT UNDER

NORMAL CIRCUMSTANCES AUTHORIZATIONS FOR ROYALTY PAYMENTS ARE NOT GRANTED, UNLESS THEY ARE FOR NEW PRODUCTS NOT PREVIOUSLY ASSEMBLED OR MANUFACTURED LOCALLY. FOR PAYMENTS OF ESTABLISHED CONTRACTS AUTHORIZATIONS ARE GIVEN IN THREE MONTHS PROVIDING ALL NECESSARY DOCUMENTATION IS PRESENTED CORROBORATING THE NEED TO UTILIZE FOREIGN EXCHANGE TO BUY TECHNOLOGY. ON THE OTHER HAND THE GOC OFFICIAL, OFF THE RECORD, INDICATED THAT IN MOST CASES DENIALS ARE COMMON AND APPEALS MADE BY INTERESTED LOCAL FIRMS MAY TAKE UP TO TWO YEARS BEFORE THE COMMITTEE DECIDES WHETHER OR NOT AUTHORIZATION SHOULD BE GIVEN FOR ROYALTY PAYMENTS.

3. TELECENTER COLOMBIANA INFORMED EMBASSY THAT THEY WILL AGAIN CONTACT COLOMBIAN AUTHORITIES NEXT WEEK REGARDING THE PROBLEM THEY HAVE WITH ZENITH AND WILL ADVISE US OF THEIR FINDINGS. UPON RECEIPT OF THIS INFORMATION EMBASSY WILL INFORM ZENITH ACCORDINGLY.
DREXLER

NOTE BY OC/T: BOGOTA 3231 PASSED ABOVE ADDRESSEE.

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